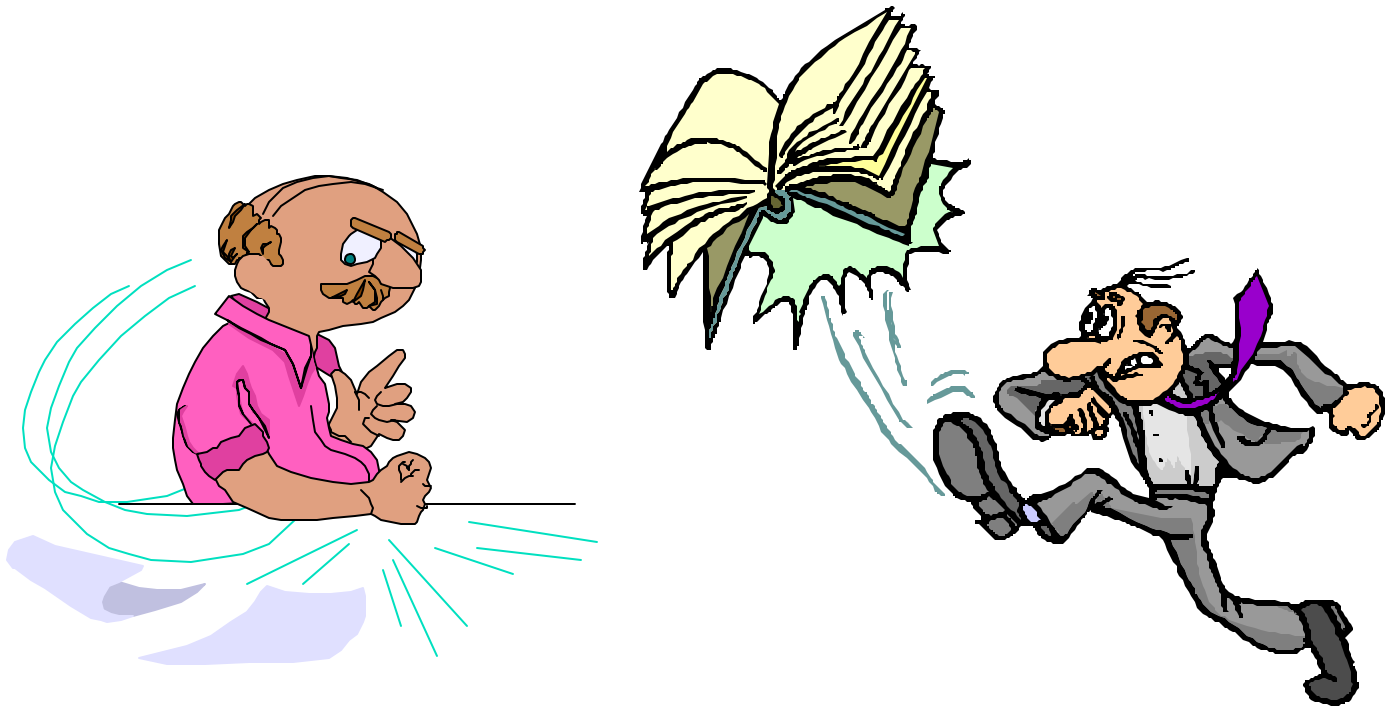


NASD CUSTOMER COMPLAINT PROGRAM



The NASD Customer Complain Program

The National Association of Securities Dealers, Inc. (NASD) is an organization entrusted with regulating the business of their members. Virtually all brokers registered in the United States that do business with the public are members of the NASD and are regulated by it. The NASD has regulatory responsibilities in the following areas:

Formulation of rules governing business and sales practices of its members

Review for fair dealing by members with customers

Investigation of and enforcement actions for violations of the securities laws and self-regulatory rules by member firms and sales representatives

Testing, registration, and licensing of security industry professionals

Review of advertising and sales literature used by its members

The imposition of disciplinary actions

Regulation of securities professionals

As an investor, you should be aware that there is no minimum level of education or experience required to be licensed to sell securities, except for certain examination requirements.

However, before a sales representative can sell securities to the public, or supervise those who do, the NASD undertakes a review of the applicant's employment and disciplinary history, if any.

The NASD also administers comprehensive examinations that an applicant must pass before becoming licensed. Finally, an applicant's fingerprints are submitted to the FBI for a criminal record check.

The Business Registration Division of the Department of Commerce & Consumer Affairs requires all securities salespersons to be licensed with the State of Hawaii, and imposes similar requirements. If, you want information on these areas, you should ask your salesperson,

the NASD, or the Securities Compliance Branch of the Business Registration Division at DCCA.

Customer complaint Investigations

Investors who feel they have been unfairly treated or who have been the subjects of abusive sales practices by security professionals should take immediate action. Contact your broker at the first sign of trouble and clearly communicate your concerns. Ask your broker for a written reply explaining the handling of your particular problem. If the salesperson is not responsive to your concerns, report your concerns to the compliance officer at the firm.

If you are not satisfied with the result, or if this process takes more than seven to ten days to complete, you should also contact the NASD and the Securities Enforcement Branch of the Business Registration Division at DCCA.

Although your initial contact may be over the phone, you will be asked to document your complaint in a written format and you should be prepared to list the specifics of your investment, including dates, amounts, and types of securities. Often, your account statements or other documentation will need to be attached to your written complaint.

The NASD investigation process

The NASD staff normally will begin investigations by requesting information and documents from member firms and their employees. They will usually contact the investor for additional information and to verify the facts. The NASD Rules of Fair Practice, which govern member firms, require the broker and their employees to cooperate fully with a NASD investigation.

While it is impossible to predict the outcome or the length of time that an investigation will require, it is important that you, as an investor, communicate your concerns. In many instances, no violation of rules and regulations are found. In other cases, your complaint may be one in a series of similar complaints that clearly indicates the need for immediate regulatory action. You also may be referred to another agency or regulatory body for more assistance.

Points To remember

It is important to remember that all securities carry a risk. The fact that you lost all or part of your principal is not, by itself, indicative of fraud, abusive sales practices, or rules violations. However, if you are not certain or feel that you have been dealt with unfairly, call the NASD and discuss the problem.

Finally, you should be aware that the NASD is a regulatory agency and cannot act as your private attorney. If you are seeking to recover lost investment funds or want to file a private civil action, you should consult with a private attorney. The NASD regulatory investigations do not necessarily result in the return of the investor's principal, even when formal disciplinary action is taken and sanctions are imposed.

For more Information

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